

CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

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THIS IS UNEVALUATED INFORMATION

1. After the end of the war, the Russians gained ownership of many industrial concerns (claimed by them as war reparations) in Germany, Austria, Hungary, Rumania, and Finland. A bureau was organized in Moscow to direct the transfer of some of these concerns to the U.S.S.R. and to maintain and control the operations of others in the respective foreign countries. This bureau was located in Moscow on Pirogov Street; it was headed by Minister A. I. Mikoyan, and was subordinated to the Ministry of Foreign Trade. The full name of the bureau was "Main Directorate of Soviet Property Abroad" (Glavnoe Upravleniye Sovetskogo Imushchestva Zagranitsoi), and it was popularly referred to as "Glavsozzagranimushchestvo" or "GUSIMZ".

2. Late in 1946, GUSIMZ was moved from Pirogov to Kulbyshev Square and control was transferred from the Ministry of Foreign Trade and Minister Mikoyan and placed under the direct supervision of the Council of Ministers, U.S.S.R., and of an independent chief -- Minister V. N. Merkulov. The main reason for these changes, in the words of an authoritative [redacted] was the recognition of the importance of GUSIMZ to (1) Soviet industrial expansion and technical improvement, (2) Soviet atomic research efforts, and (3) potential, indirect political control of Eastern European countries through the control of a substantial portion of their key industrial plants. Recognizing this importance of GUSIMZ, the Soviets assigned its direction to the trusted and efficient Merkulov, former Minister of State Security. Merkulov promptly deputized several of his MGB subordinates -- Col. Gen. Kabulov, Generals Dekanozov, Koshchegarov, Sergeev, and Shunin to help him.

3. GUSIMZ in Moscow is a large establishment. Its directing personnel, in addition to the MGB members, consists of top Soviet engineers and technicians, second only to Beria's atomic research personnel. The office is divided into eight departments (upravleniya) and an undetermined number of branches (otdeleniya). The eight departments are:

- (a) Economic
- (b) Technical
- (c) Finance

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- (d) Supply (under the direction of a Mr. Kuroptiev)
- (e) Personnel
- (f) Bookkeeping
- (g) Secret Correspondence
- (h) Miscellaneous Matters

There are at least a dozen branches in the office. Each branch controls a different type of industrial plant: e.g., machine manufacturing, toolmaking, cement manufacturing, dyes, textiles, acids. For example, one of the GUSIMZ Branches is called "PRIBOR" (full name: "Otdelenie Tochnogo, Srednego i Priborostroeniya", i.e., Precision, Ordinary, and Instrument Manufacture Branch). The PRIBOR Branch of GUSIMZ controls three separate Soviet State corporations (SGAOs) in Germany. Such SGAOs (Sovietskoe Gosudarstvennoe Aktsionernoe Obshchestvo) are known in Germany as "Dachgesellschaften", and each controls a certain number of "Soviet AGs" in related industries. The three SGAOs under PRIBOR are: SGAO PRIBOR (in charge of a group of industries engaged in machine manufacture), SGAO AVTOVELO (automobile and motorcycle manufacture), and SGAO TOCHMASH (precision instrument and machinery manufacture).

25X1A6A([] Comment: This example shows the necessity for distinguishing carefully between GUSIMZ branches in Moscow and Soviet State Stock Corporations, or SGAOs, abroad. They may, as in the case of PRIBOR Branch and SGAO PRIBOR, carry the same name, but occupy entirely different positions in the echelon of control.)

4. The Chief of GUSIMZ, Merkulov, is represented abroad first of all by his personal deputies. In Hungary such a deputy is Gen. (MGB) Dekanozov; in Germany Merkulov's deputy for GUSIMZ is Col. Gen. (MGB) Kabulov. In Germany Kabulov holds two titles: Deputy of GUSIMZ in Moscow and SVAG (Marshal Sokolovsky's) Deputy for SGAO Affairs. As Merkulov's Deputy for Germany, Kabulov is the highest representative of GUSIMZ in Germany. As Sokolovsky's Deputy for SGAO Affairs, Kabulov is in charge of coordinating the activities and interests of Soviet-owned factories in Germany (Soviet AGs) with SVAG economic policies, i.e., with the office represented at the highest level by K. I. Koval, SVAG Deputy for Economic Questions. Concessions on the part of a German industry to the Soviet-owned and Soviet-controlled factories in Germany (in the form of raw materials, fuel, technical advice, and sometimes even the transfer of entire German-owned factories to Soviet control) are readily arranged by Koval at Kabulov's request. While Kabulov is Koval's equal on the Military Government level (both being Sokolovsky's deputies), the former also represents the MGB and the interests of Soviet industries as against Koval's position in German industry.

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5. []
6. The chief administrative office of GUSIMZ in Germany is the so-called "Administration of Soviet State Corporations" (Upravlenie Sovetskikh Gosudarstvennikh Aktsionernikh Obshchestv or "USGAO"). This office is headed by Maj. Gen. Belogorlov, and is also located in Berlin-Weissensee, Berliner Allee 107-110. Belogorlov's chief assistant is Gen. (MGB) Shunin. Belogorlov's First Deputy is Parfenov; his second deputy is Izaev.
7. USGAO is divided into eight departments, after the pattern of GUSIMZ in Moscow. The chief of the Finance Department is Aleksandrov; the chief of the Supply Department is Zhensherov, and his assistant is Maj. Shternlikht. Only translators, interpreters, drivers, and

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building employees are indigenous; all others are Soviet citizens. The total number of employees is estimated to be between 800 and 1,000. The building is strongly guarded by both Soviet and German guards.

8. Under USGAO are thirty-three technical field branches, or SGAOs. [] the following thirty of these SGAOs:

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|----------------|---------------------|
| (1) AMO | (16) MASLO |
| (2) AVTOVELO | (17) MARTEN |
| (3) BAGGAR | (18) MED |
| (4) BRIKET | (19) PLASTIK |
| (5) BURI-UGOL | (20) PODEMNIK |
| (6) FOTOPLENKA | (21) PRIBOR |
| (7) GAZOLIN | (22) RAZREZ |
| (8) IZOLYATOR | (23) REZINOTEKHNIKA |
| (9) KABEL | (24) SILVINIT |
| (10) KAINIT | (25) SINTEZ |
| (11) KALI | (26) SMOLA |
| (12) KARIER | (27) TOCHMASH |
| (13) KAUCHUK | (28) TOPLIVO |
| (14) KAUSTIK | (29) TRANSMASH |
| (15) KRASKA | (30) TSEMENT |

9. For illustrative purposes the organization of two SGAOs is given below:

- a. SGAO PRIBOR. Located in Leipzig, Karl-Heinestraße 12. Soviet General Director, I.G. Fofanov. First Deputy and Chief Engineer, A.A. Lebedinsky. Second Deputy, V.G. Dubovik. Like the GUSIMZ and USGAO, SGAO PRIBOR is divided into eight functional departments. Known department heads are Zakharov (Economic Planning), L.I. Vinogradov and Shabalin (Supply), Pozdnyak (Personnel and member of MGB), and Gorban (Book-keeping). The total number of employees is around forty-five.

SGAO PRIBOR controls nine Soviet AGs:

- (1) Spritz & Pressgiesserei in Heidenau-Dresden
(General Director and Chief Engineer, Aleksandrov)
- (2) Sachsenwerk in Radeberg-Dresden
(General Director, Pomin)
- (3) "Famo" in Schönebeck/Elbe (probably Schoenebeck)
(Chief Engineer, Soldatov)
- (4) Steinle & Hartung in Quedlinburg
(Chief Engineer, Shvets)
- (5) Kober & Co. in Suhl and in Zella-Mellis
(General Director, Fedorov; Chief Engineer, Tomin)
- (6) Louis Schopper in Leipzig
(General Director, Astavin; Chief Engineer, Kopalin)
- (7) Siemens & Halske in Zwicknitz and in Thalheim
(General Director, Vasilenko; Chief Engineer, Filimonov)
- (8) Schaeffer & Budenburg in Magdeburg-Buckau
(General Director, Chistov; Chief Engineer, Dimitriev)
- (9) Siemens & Halske in Chemnitz
(General Director, Fevra; Chief Engineer, V.N. Vinogradov)

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- b. SGAO IZOLYATOR. The organization of IZOLYATOR was reported previously. Essentially both SGAOs (PRIBOR and IZOLYATOR) are alike. Such differences as exist are explainable. The source of information on SGAO IZOLYATOR lists only four departments: Economic Planning, Technical, Personnel, and Bookkeeping; but in view of his position, source would not be aware of the Secret Correspondence and of the Miscellaneous Matters Departments. The absence of the other two departments, Finance and Supply, may be explained by the fact that SGAO IZOLYATOR, unlike SGAO PRIBOR, is located only half a block from the USGAO in Berlin, and can draw money and supplies directly from the main office. Source states that the SGAO PRIBOR Personnel Department Chief, Lt. Col. Kotov, is concerned with "Political Control".

10. Relation of GUSIMZ to other offices or bureaus.

- a. In Moscow GUSIMZ is under the direct control of the Council of Ministers, from which it receives general policy direction. GUSIMZ is not subordinated to any of the many Soviet ministries, although it maintains contact with most of them. This contact on the working level is maintained through the various ministerial NTOs (technical study bureaus maintained by each ministry) both in the U.S.S.R. and in Germany. Although no details are known as to GUSIMZ' relationship with L.P. Beriya's "First Chief Directorate" (atomic research), there is little doubt that GUSIMZ is often called upon to render services to the "First Chief Directorate" by supplying it with special delicate machinery and other equipment. Comment: See also for further information on the First Directorate.)

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- b. GUSIMZ' top administrative office in Germany, the USGAO in Berlin-Weissensee, maintains contact with numerous offices:

- (1) With SVAG, Kabulov being Sokolovsk's deputy.
- (2) With Sokolovsk's deputy for German Economic Questions, K.I. Koval -- again through Kabulov, who secures from Koval all necessary equipment, raw materials, and fuel for the GUSIMZ plants in Germany.
- (3) With M.I. Perelivchenko, Chief of SVAG Economic Planning Board, through Maj. Gen. Belogorlov. Perelivchenko and Belogorlov allocate the distribution of raw materials between German industry and Soviet-owned factories.
- (4) With the SVAG Political Directorate, Gen. Russov, through Russov's political supervision of all Soviet personnel employed by USGAO in Germany.
- (5) With local units of the MGB through MGB supervision of security in all GUSIMZ administrative offices and plants.
- (6) With UKS guard personnel responsible for the physical security of all finished products of GUSIMZ plants. These guards are usually supplied by the UKS to the company (AG DERUTRA) operating the trucks which haul all manufactured items.
- (7) With the SED, the German Economic Commission (DWK), and the German Administration of the Interior, which maintain political control over German employees of Soviet-owned plants in Germany, and which supply police protection and guards.
- (8) With SGAO VISIMUT (Soviet-owned corporation engaged in uranium mining, which it supplies with any needed instruments and machinery.

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11. Current plans call for the changing of some details of the GUSINZ organization in Germany in the spring of 1949. The changes called for are primarily due to the reduction of Soviet personnel strength in Germany. It is likely that Col. Gen. Kabulov's and Maj. Gen. Belogorlov's offices will be combined into an SVAG Administration (Upravlenie). It is also planned to reduce the number of SGAOs from thirty-three to ten or twelve. The number of SGAO "Enterprises", or Soviet AGs, will remain the same, but they will be serviced and administered by a lesser number of SGAOs. No reduction of MGB personnel within the USGAO is envisaged.

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